

## Message Text

CONFIDENTIAL

PAGE 01 LISBON 08452 01 OF 02 080951Z

12

ACTION EUR-12

INFO OCT-01 AF-08 ISO-00 H-01 PM-04 NSC-05 SP-02 SS-15

CIAE-00 INR-07 NSAE-00 EB-07 MC-02 TRSE-00 /064 W

----- 040303

P R 071822Z DEC 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 9456

INFO AMEMBASSY BISSAU

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MAPUTO

AMEMBASSY MOSCOW

AMCONSUL OPORTO

AMEMBASSY PARIS

USMISSION NATO

DIA WASHDC

CINCLANT NORFOLK VA

COMUSFORAZ LAJES FLD AZORES

USCINCEUR VAIHINGEN GER

USNMR SHAPE BRUSSELS BEL

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 8452

H PASS TO SENATOR BROOKE

E.O. 11652: XGDS-4

TAGS: PINT, PO

SUBJ: SENATOR BROOKE'S MEETINGS IN PORTUGAL

SUMMARY: DURING DEC 4-7 VISIT TO PORTUGAL, SENATOR BROOKE AND PROFESSIONAL STAFFER ROSSITER MET WITH PRESIDENT EANES, PRIME MINISTER SOARES, FOREIGN MINISTER MEDEIROS FERREIRA, OTHER GOVERNMENT, AND OPPOSITION LEADERS. PRESIDENT EANES EMPHASIZED THE IMPORTANCE OF ECONOMIC RECOVERY AND FOREIGN ASSISTANCE FOR POLITICAL STABILITY. HE BELIEVED NEW EQUIPMENT WAS CRITICAL TO HIS PROGRAM TO RETRAIN AND REORGANIZE THE ARMED FORCES. PRIME MINISTER SOARES BELIEVED PORTUGAL WILL HAVE GONE FAR TOWARD CONSOLIDATING DEMOCRACY IN PORTUGAL  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LISBON 08452 01 OF 02 080951Z

IF IT CAN ACCELERATE ECONOMIC RECOVERY, JOIN THE

COMMON MARKET, AND COUNT ON U.S. FINANCIAL SUPPORT. FINANCE MINISTER MEDENA CARREIRA URGED THAT FOREIGN ASSISTANCE TAKE INTO ACCOUNT PORTUGAL'S STILL DELICATE POLITICAL SITUATION. HE BELIEVED THE PROVISION OF GOLD INSTEAD OF CASH ON THE SHORT-TERM LOAN WOULD BE EXPLOITED TO PROVOKE POLITICAL AND SOCIAL UNREST. PSD LEADERS MADE CLEAR THEIR OPPOSITION TO THE SOARES GOVERNMENT HAD HARDENED. THEY HAVE VIRTUALLY DECIDED TO VOTE AGAINST THE GOVERNMENT BUDGET WITH THE INTENTION OF PRESENTING THE PRESIDENT WITH A CRISIS. END SUMMARY.

1. MEETING WITH PRESIDENT EANES: ON DEC 6 SENATOR BROOKE, PROFESSIONAL STAFFER ROSSITER, AND AMBASSADOR MET FOR AN HOUR WITH PRESIDENT EANES. EANES KNOWING OF BROOKE'S INTEREST IN PORTUGAL AND SUPPORT FOR AMERICAN POLICY, WAS UNUSUALLY FRANK AND FORTHCOMING. THE PRESIDENT DESCRIBED HIS RELATIONS WITH SOARES AS GOOD BUT NOTED THE GOVERNMENT DID NOT HAVE THE OPERATIONAL EFFECTIVENESS HE MIGHT LIKE IT TO HAVE. PRESIDENT EANES EMPHASIZED THAT POLITICAL STABILITY DEPENDS ON ECONOMIC RECOVERY, AND THIS DEPENDS IN TURN ON THE EFFECTIVENESS OF A GOP AUSTERITY PROGRAM AND SUPPORT FROM ABROAD. HE EXPRESSED APPRECIATION FOR AMERICAN WILLINGNESS TO HELP AND EMPHASIZED THAT THE PROPOSED CONSORTIUM LOAN WOULD BE USED FOR INVESTMENT, NOT CONSUMPTION. HE DESCRIBED THE ARMED FORCES AS BASICALLY CONSERVATIVE WITH A RESIDUE OF BITTERNESS AGAINST THE COMMUNISTS. THE PRESIDENT SAID THE PROVISION OF NEW MILITARY EQUIPMENT WAS A CRITICAL PSYCHOLOGICAL STIMULUS IN HIS PROGRAM TO RETRAIN AND REORGANIZE THE ARMED FORCES. IT IS IMPORTANT TO THE STABILITY AND COHESION OF THE ARMY THAT THE NATO ALLIES HELP PORTUGAL WITH THE NECESSARY EQUIPMENT. SIMILARLY, THE PROVISION OF THREE C-130'S FROM THE U.S. WILL BE EXTREMELY IMPORTANT IN SUPPLYING NEEDED PSYCHOLOGICAL SUPPORT FOR THE AIR FORCE. (OTHER POINTS IN EANES MEETING WERE REPORTED SEPTEL.)

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LISBON 08452 01 OF 02 080951Z

2. MEETING WITH PRIME MINISTER SOARES: SOARES SAID THAT THE CRITICAL PROBLEM WAS TO PROVIDE THE ECONOMIC BASE FOR POLITICAL STABILIZATION. HE NOTED THAT THE GOVERNMENT HAD TAKEN MANY STRONG MEASURES WITHOUT THE PREDICTED COMMUNIST ATTACK ON THE GOVERNMENT. SOARES SAID A CONFIDENTIAL POLL HAD REVEALED A MAJORITY OF THE

PEOPLE WERE PLEASED WITH THE WAY THE GOVERNMENT IS MOVING. IF THE GOP CAN ACCELERATE ECONOMIC RECOVERY, JOIN THE COMMON MARKET, AND COUNT ON U.S. FINANCIAL SUPPORT, IT WILL HAVE PASSED THROUGH THE WORST STAGE ON THE ROAD TO CONSOLIDATING DEMOCRACY IN PORTUGAL. SOARES NOTED THE IMPORTANCE TO THIS PROCESS OF THE EFFORTS TO STABILIZE THE MILITARY AND INTEGRATE THEM INTO EUROPE THROUGH THE CREATION OF THE NATO-LINKED BRIGADE. (CONVERSATION WITH SOARES COVERED MORE FULLY IN SEPTTEL).

3. MEETING WITH FINANCE MINISTER AND CENTRAL BANK GOVERNOR: AT DINNER MEETING, FINANCE MINISTER MEDINA CARREIRA AND CENTRAL BANK GOVERNOR SILVA LOPES UNDERScoreD THE URGENCY OF PORTUGAL'S FINANCIAL CRISIS. MEDINA CARREIRA SAID GOP HAD MADE SOCIAL AND POLITICAL PROGRESS, BUT EVERYTHING NOW HINGED ON RESOLUTION OF ECONOMIC PROBLEMS. SOARES HAD SHOWN COURAGE AND DETERMINATION IN INSTITUTING POLITICAL DEMOCRACY; HE WAS NOW PREPARED TO SHOW SAME COURAGE AND DETERMINATION IN FOLLOWING POLICIES NECESSARY FOR ECONOMIC RECOVERY. WHILE FUNDAMENTAL RESPONSIBILITY RESTS WITH PORTUGUESE, GOP RECOGNIZED IT COULD NOT OVERCOME ECONOMIC DIFFICULTIES AND STILL MAINTAIN DEMOCRATIC STRUCTURE WITHOUT SUBSTANTIAL FOREIGN ASSISTANCE. MEDINA CARREIRA STRONGLY URGED THAT FOREIGN ASSISTANCE TAKE INTO ACCOUNT DELICATE POLITICAL SITUATION WHICH STILL EXISTS IN PORTUGAL.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 LISBON 08452 02 OF 02 080936Z

12

ACTION EUR-12

INFO OCT-01 AF-08 ISO-00 H-01 PM-04 NSC-05 SP-02 SS-15

CIAE-00 INR-07 NSAE-00 EB-07 MC-02 TRSE-00 /064 W

----- 040160

P R 071822Z DEC 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 9457

INFO AMEMBASSY BISSAU

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MADRID  
AMEMBASSY MAPUTO  
AMEMBASSY MOSCOW  
AMCONSUL OPORTO  
AMEMBASSY PARIS  
USMISSION NATO  
DIA WASHDC  
CINCLANT NORFOLK VA  
COMUSFORAZ LAJES FLD AZORES  
USCINCEUR VAHINGEN GER  
USNMR SHAPE BRUSSELS BEL

C O N F I D E N T I A L SECTION 2 OF 2 LISBON 8452

FOR EXAMPLE, THE PROVISION OF GOLD  
INSTEAD OF CASH ON THE SHORT-TERM LOAN COULD  
CREATE SERIOUS POLITICAL PROBLEMS. THE GOP  
WOULD HAVE TO SELL GOLD, AND A PSYCHOLOGICAL  
CLIMATE EXISTED IN PORTUGAL IN WHICH THE SALE OF  
GOLD WOULD BE EXPLOITED TO CREATE SOCIAL AND  
POLITICAL UNREST. PORTUGAL'S PEOPLE HAVE BEEN  
TAUGHT THAT GOLD IS A NATIONAL TREASURE. THEY WOULD  
ALSO FIND IT DIFFICULT TO UNDERSTAND WHY THE USG  
WAS GIVING THEM THE ONE THING THEY SEEM TO HAVE  
A LOT OF, INSTEAD OF GIVING THEM THAT WHICH THEY  
LACK -- CASH. MEDINA CARREIRA AND SILVA LOPES  
DESCRIBED TO SENATOR BROOKE THE MEASURES GOP  
INTENDED TO TAKE TO CONTAIN INFLATION AND  
STIMULATE PRODUCTIVE INVESTMENT. THEY ALSO  
DESCRIBED MEASURES TO STIMULATE LABOR  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LISBON 08452 02 OF 02 080936Z

PRODUCTIVITY, CUT EXPENDITURES, AND ABSORB  
PRIVATE SAVINGS.

4. PSD: PSD LEADERS SA CARNEIRO, SOUSA FRANCO  
AND SERVULO CORREIA LEFT NO DOUBT THAT PSD  
OPPOSITION TOWARDS THE SOARES GOVERNMENT HAD  
HARDENED. THEY CLAIMED THAT THE GOVERNMENT  
LACKED OPERATIONAL EFFECTIVENESS AND A COHERENT  
POLICY; IN ADDITION THE SOCIALIST PARTY IS  
PLAGUED BY INTERNAL DISSENSION, AND CONSIDERABLE  
BEHIND-THE-SCENES COLLABORATION EXISTS BETWEEN  
THE PS AND THE PCP AT THE WORKING LEVEL AND IN  
THE ASSEMBLY. THE PSD, THEY SAID, HAD VIRTUALLY  
DECIDED TO VOTE AGAINST THE GOVERNMENT'S BUDGET.  
THIS WILL CONFRONT PRESIDENT WITH A CRISIS --  
CLEARLY THE PSD'S INTENT. SA CARNEIRO  
ARGUED THAT CONTINUATION OF  
PRESENT SOCIALIST GOVERNMENT WOULD MEAN

THE END OF DEMOCRACY IN PORTUGAL. THE RIGHT-WING WOULD SOONER OR LATER STEP IN. HENCE THE PRESIDENT MUST MOVE. IT IS ALREADY TOO LATE FOR A PS-PSD COALITION TO WORK. THE ONLY POSSIBILITY IS A GOVERNMENT OF HIGH TECHNICAL COMPETENCE WHICH WOULD ENJOY THE FULL CONFIDENCE OF THE PRESIDENT. SUCH A GOVERNMENT SHOULD, HE THOUGHT, BE HEADED BY SOARES BUT IT SHOULD ALSO INCLUDE PSD PARTICIPATION IN THE ECONOMIC PORTFOLIOS.

5. FOREIGN MINISTER: IN RESPONSE TO QUESTIONS FROM THE SENATOR, FOREIGN MINISTER MEDEIROS FERREIRA DISCUSSED THE FOLLOWING:

(A) SPAIN: PORTUGAL BELIEVES THAT FOR THE FUTURE WELLBEING OF THE WEST IN GENERAL AND EUROPE IN PARTICULAR THE SPANISH EVOLUTION TO DEMOCRACY MUST BE A SMOOTH ONE. THE PURPOSE OF THE SUAREZ VISIT WAS TO DEMONSTRATE THE GOP'S CONFIDENCE IN THIS PROCESS. RELATIONS BETWEEN SPAIN AND PORTUGAL ARE "THE BEST." SOONER OR LATER SPAIN WILL ENTER INTO "EUROPEAN INSTITUTIONS," BUT ITS ENTRY SHOULD AWAIT  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LISBON 08452 02 OF 02 080936Z

FURTHER DEMOCRATIC EVOLUTION. THE ENTRANCE OF SPAIN INTO EUROPEAN INSTITUTIONS SUCH AS THE COMMON MARKET SHOULD UNDER NO CIRCUMSTANCES BE LINKED WITH PORTUGUESE ENTRY TO THESE SAME INSTITUTIONS. EACH COUNTRY SHOULD PROCEED ON ITS OWN MERITS.

(B) COMMON MARKET: MEDEIROS FERREIRA SAID PORTUGAL WISHED TO ENTER INTO THE POLITICAL COUNCILS OF THE COMMON MARKET AS SOON AS POSSIBLE, POSSIBLY EVEN BY 1978. IT WOULD THEN PARTICIPATE IN THE VARIOUS ECONOMIC SECTORS UNDER A PHASED PROGRAM WHICH MIGHT RANGE FROM FIVE TO TEN YEARS PER SECTOR. THE GOP RECOGNIZES IT IS NOT IN ITS OWN INTEREST TO BECOME INVOLVED IN ALL COMMON MARKET SECTORS SIMULTANEOUSLY.

(C) LAJES NEGOTIATIONS: FOREIGN MINISTER SAID THE GOP'S GOAL IN THE LAJES BASE NEGOTIATIONS IS "THE POSITIVE RENEWAL OF THE AGREEMENT." HE NOTED, HOWEVER, THAT GOP HAS A PROBLEM IN THAT AZOREANS FOR POLITICAL AND OTHER REASONS INTEND TO PRESENT A "FULL NOTEBOOK OF DEMANDS." HE SAID GOP WAS DISPOSED TOWARD "POSITIVE NEGOTIATIONS TAKING INTO ACCOUNT THE DESIRES OF THE AZORES BUT NOT TO THE POINT OF LETTING THOSE DESIRES RUPTURE

THE NEGOTIATIONS."

(D) RELATIONS BETWEEN PORTUGAL AND ITS FORMER COLONIES: MEDEIROS FERREIRA SAID THERE WAS NO LONGER A "SOLID FRONT AMONG THE EX-COLONIES AGAINST PORTUGAL." RELATIONS WITH GUINEA-BISSAU, SAO TOME AND CAPE VERDE ARE EXCELLENT. HE NOTED THAT THE GOP IS PLANNING TO SEND A SEPARATE AMBASSADOR TO CAPE VERDE. THE FOREIGN MINISTER DESCRIBED RELATIONS WITH ANGOLA AS "GOOD" ALTHOUGH THERE ARE DIFFERENCES. THE GOP IS AWARE OF AN ELEMENT IN THE ANGOLAN GOVERNMENT THAT INTENDS TO COUNTERBALANCE RELATIONS WITH THE USSR AND CUBA WITH RELATIONS WITH PORTUGAL. THOSE FORCES THAT ARE DEPENDENT ON THE USSR FOR THEIR SUPPORT WILL TRY TO PREVENT THIS. THUS PORTUGUESE-ANGOLAN RELATIONS WILL HAVE THEIR UPS AND DOWNS. HE  
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 LISBON 08452 02 OF 02 080936Z

POINTEDLY OMITTED ANY REFERENCE TO GOP-MOZAMBIQUE RELATIONS.

6. REFUGEE CAMP VISIT: SENATOR BROOKE VISITED THE MOST RECENTLY ESTABLISHED OF THE REFUGEE CENTERS IN THE LISBON AREA, A PROJECT WITH SWEDISH AND NORWEGIAN SUPPORT. THE SENATOR FOUND CAMP CONDITIONS VERY DIFFICULT AND EXPRESSED HOPE THAT THE PEOPLE COULD BE MOVED TO MORE PERMANENT AND ACCEPTABLE HOUSING.

7. THIS MEMCON HAS BEEN CLEARED WITH SENATOR BROOKE BEFORE HE LEFT LISBON.  
CARLUCCI

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MEETINGS, FOREIGN ASSISTANCE  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 DEC 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ElyME  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976LISBON08452  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** X4  
**Errors:** N/A  
**Film Number:** D760453-0462  
**From:** LISBON  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19761267/aaaacfmq.tel  
**Line Count:** 312  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 6  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ElyME  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 06 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <06 APR 2004 by ShawDG>; APPROVED <06 AUG 2004 by ElyME>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SENATOR BROOKE'S MEETINGS IN PORTUGAL SUMMARY: DURING DEC 4-7 VISIT TO PORTUGAL, SENATOR BROOKE AND PROFESSIONAL STAFFER ROSSITER MET WITH  
**TAGS:** PINT, OREP, EAID, ECON, PO, (BROOKE, EDWARD W)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006